



**State of Wisconsin
Employee Reimbursement Accounts (ERA)
Program
Fact Sheet 2014**

The Employee Reimbursement Accounts (ERA) Program is an optional benefit that allows participants to use pre-tax dollars to pay for certain Internal Revenue Service-approved expenses.

Program Review

- Authorized by Section 125 of the Internal Revenue Code and created by 1987 Wisconsin Act 399; offered to employees starting in January 1990.
- The Department of Employee Trust Funds (ETF) and the Employee Trust Funds Board (Board) have statutory authority for program administration and oversight.

Eligible expenses include:

- Employee's share of state group life, group health, EPIC Benefits +, EPIC Dental Wisconsin, Vision Service Plan (VSP) and DentalBlue insurance premiums. See below for automatic premium conversion information.
- Dependent care expenses that allow the employee and spouse to work.
- Many out-of-pocket medical expenses not reimbursable by any insurance coverage (e.g., copayments, deductibles, glasses and prescription drugs).
- By using pre-tax dollars to pay these types of expenses, participants effectively reduce their taxable gross income which can significantly reduce their state and federal tax liabilities and increase take-home salaries.

Program Administration

The Board contracts with a third-party administrator to provide marketing, recordkeeping, payment processing and other administrative services. WageWorks is under contract through 2014.

The administration of the ERA Program is divided into two parts:

- Automatic conversion of insurance premiums – Premium conversion is self-administered by ETF, working with the state's payroll processors. The program automatically takes an eligible employee's share of state group life, group health, EPIC Dental and Excess Medical, and VSP vision and DentalBlue dental insurance premiums from pre-tax salary. Employees may file a waiver to prevent automatic conversion of their premiums from a post-tax to the pre-tax basis.
- Expense reimbursement accounts – Both dependent day care and unreimbursed medical expenses are reimbursed through individual accounts established by participants. FBMC provides enrollment, accounts posting and claims services.

Eligibility

Who is Eligible for the ERA Program?

- Eligible Employees – State employees, including University of Wisconsin System employees (including research assistants), regardless of whether their appointments are classified, unclassified, represented, or full- or part-time.
- Ineligible Employees – Fellows and scholars in the University of Wisconsin System, limited term and temporary employees, and student hourlies.

2014 Participation and Program Savings

Account	Number of Participants	Amount Contributed	Estimated Employee* Savings	Employer FICA Savings
Medical Expense Accounts	13,178	\$15,439,450	\$4,631,835	\$1,181,118
Dependent Care Accounts	2,560	\$9,956,980	\$2,987,094	\$761,709
TOTAL	--	\$25,396,430	\$7,618,929	\$1,942,827

* Employee tax savings estimates are based on a 30% total tax rate (federal, state and FICA combined). Individual taxes will vary.